IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

#24

In re Patent Application of

John M. HILLMAN, et al. Art Unit: 2761

Serial No.: 09/358,653 Office: KYLE, C.

Filed: July 23, 1999

For: **SYSTEM AND METHOD FOR FUNDING AN ACCOUNT AND CONSOLIDATING FINANCIAL RELATIONSHIPS**

U.S. Patent and Trademark Office
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APPEAL BRIEF

This is an Appeal Brief under 37 C.F.R. § 1.192 in connection with the Final Office Action of the Examiner mailed on May 5, 2003. Each of the topics required by Rule 192 is presented herewith and is labeled appropriately. The undersigned notes that a response to the Final Office Action mailed May 5, 2003 was filed on November 4, 2003 with the requisite request for an extension and fees with **no subsequent reply or status from the Patent Office**.

(1) Real Party In Interest

The real party in interest is Citibank, N.A.

(2) Related Appeals And Interferences

There are no other appeals or interferences related to this case.

(3) Status Of Claims

Claims 3-6, 9-12 and 16-23 are pending.

Claims 3-6, 9-12 and 16-23 have been rejected.

The rejection of claims 3-6, 9-12 and 16-23 is hereby appealed.

(4) Status of Amendments

There are no amendments after final rejection.

(5) Summary Of The Invention

Described is a system and method for increasing customer loyalty and consolidating a customer's financial relationships which comprises leveraging the customer's financial habits and the financial institution's business relationships into a funding engine for the customer's future savings. (See at least page 3). Exemplary systems reward customers for their current relationship with, e.g., financial institutions and third parties, and encourage them to expand the relationship into other services offered by the financial institution and affiliate or non-affiliate third parties. (See at least pages 3-4 and 6). The funding engine allows for self funding by the customer which constitutes immediately accessible funds and calculated relationship-based funding which must vest before being accessible by the customer. (See at least page 4). The funding engine includes a processor which utilizes a relationship measurement to derive a program contribution amount based on a relationship contribution formula. (See at least page 5). The relationship contribution formula dictates how often the relationship measurement must occur and the frequency of the program contribution amount. (See at least page 5). The funding engine facilitates and cultivates relationships between

both the customer and his/her financial institution as well as between the customer and non-affiliated third parties, wherein relationship-based vested funding may be contributed by all to accounts at the financial institution. (See at least page 6). In determining the relationship-based vested funding, in some cases, the relationship measurement factors may be negotiated. (See at least page 9).

(6) Issues

(a) Whether the Examiner's rejection of claim 12 under 35 U.S.C. §102(e), as being unpatentable over Shurling et al. is proper; and

(b) Whether the Examiner's rejection of claims 3-6, 9-11, and 16-23 under 35 U.S.C. §103(a) as being unpatentable over Shurling et al. in view of Ferguson et al.

(7) Grouping of Claims

The claims are grouped together according to the following table. Claims in the same Group stand and fall together on the merits.

Group	Claims
I	12 and 16-22
II	3-6 and 9-11
III	23

(8) Argument

(a) **<u>Rejection of Claim 12 Under 35 U.S.C. §102(e) as Being Unpatentable Over Shurling et al. is Improper</u>**

With respect to the claims of Group I, independent Claim 12 includes the following limitations:

> A method for leveraging a financial relationship between a customer and a financial institution, comprising:
> establishing a financial account at the financial institution for the benefit of the customer;
> adding value to the financial account at predetermined intervals, wherein the value is comprised of immediate access value and vested access value, and further wherein the immediate access value is added to the first financial account by the customer in an amount determined by the customer and at the direction of the customer;
> calculating the vested access value by
> (a) determining a number of individual components comprising the financial relationship,
> (b) calculating an individual value for each of the individual components at the end of a set period of time,
> (c) multiplying the determined individual value of each of the individual components by a pre-selected percentage to obtain a vested access value; and
> adding the vested access value to the financial account, wherein the immediate access value is retrievable by the customer from the financial account without restriction, but the vested access value is only retrievable by the customer after a predetermined period of time.

Pivotal to an interpretation of claim 12 is the requirement that two different types of value, (1) immediate access value and (2) vested access value be **added to the same financial account**. Pursuant to the Final Office action, Pages 2-3, the Office has identified the financial account to be a "checking account" citing to Column 1, line 18 of Shurling et al. The Office further argues that, "e.g. payroll deposits," to the checking account are immediate access value added by the customer. Assuming, *arguendo*, that the checking account from Shurling et al. and the payroll deposits to the checking account meet the limitations of claim 12 regarding "establishing a financial account at the financial institution for the benefit of the customer"

and "adding value to the financial account at predetermined intervals, wherein the value is comprised of immediate access value," the Office still must show where Shurling et al. teach or suggest **adding to the same checking account**, "vested access value" according to the following limitations of claim 12:

> calculating the vested access value by
> (a) determining a number of individual components comprising the financial relationship,
> (b) calculating an individual value for each of the individual components at the end of a set period of time,
> (c) multiplying the determined individual value of each of the individual components by a pre-selected percentage to obtain a vested access value wherein, the vested access value is only retrievable by the customer after a predetermined period of time.

In order to show this teaching, the Office argues that "reduced banking fees" cited in Column 1, lines 26-27 are vested value according to Column 11, line 46 through Column 12, line 35 and Column 15, lines 9-24 which are set forth below:

> An example of a typical scale file of the SPF 104, which is used to establish the relationship between the Relationship score and the degree or vesting of the Incentive Reward awarded, is illustrated in Table C below.

TABLE C

Above	Percent
10	15
25	30
40	75
60	100

> In the example of Table C, the number of points in the customer's Relationship score is compared to the point values in the column marked "Above." The row in Table C is identified in which contains the greatest number in the "Above" column that is exceeded by the customer's Relationship score. The customer is awarded that percentage of the Incentive Reward indicated in the column marked "Percent" that is present in this same row. By using the vesting or scoring concept represented by Table C, Incentive Rewards such as a percentage point increase in a deposit account or a percentage point decrease in a loan rate may be partially awarded. Of course, other types of Incentive Rewards may not admit to being divided, and in which case the vesting or scoring concept would simply be a selected limit of points which the Relationship score would have to exceed to entitle the customer to receive the non-divisible Incentive Reward.

> The procedures executed during the manual updating state 106 and the parameter establishing state 102 of the Relationship scoring and Incentive Reward awarding process 20 shown in FIG. 4 are generally illustrated by the procedures chart illustrated in FIG. 5. As shown in FIG. 5, a conventional program control procedure 120 and a conventional edit main menu procedure 122 establish an environment in the computer 22 (FIG. 1) in which the Relationship scoring and Incentive Reward awarding process 20 (FIG. 4) operates. The parameter establishing state 102 involves the execution of a conventional data table building procedure comprising a parameter maintenance handling procedure 124 which receives the parameter information and a SPF updating procedure 126 which updates the SPF 104 (FIG. 4) in response to the parameter maintenance handling procedure 124. The parameter establishing state 102 also includes a conventional screen data editing procedure 128 to create and revise information displayed on a visual display screen.
>
> One procedure executed in the manual updating state 102 is a score transaction handling procedure 130 which receives information and identifies the type of transaction to be performed. The possible transactions include a query about the score or vesting of a particular customer or group of customers, adding a customer record to the customer database file, changing information in a record of the customer database file, and deleting a customer's record from the customer database. (Column 11, line 46 through Column 12, line 35)
>
> The customer's Relationship score is then evaluated to determine 194 customer vesting. FIG. 8 illustrates details of the customer vesting determining step 194 of the manual updating state 106 (FIG. 6B). The scale file (Table C) 196 of the SPF 104 (FIG. 4) is retrieved and scanned 266 starting with the bottom row of the scale file (Table C). The value in the "above" column (Table C) retrieved from a row is compared 268 in the "above" column is compared to the customer's Relationship score. If the value on the "above" column is less than or equal to 220 the Relationship score for the customer the vesting for the customer is set 272 at the value retrieved from the "percent" column that is in the same row of the scale file (Table C) 196 as the value from the "above" column that was less than or equal to the Relationship score. The vesting percentage is then stored 274 in the customer database file 172 of the RBF 108 (FIG. 4). (Column 15, lines 9-26).

The undersigned representative agrees that Shurling et al. teach a system and method for calculating an incentive award based on a customer's relationship with a financial institution. But, the above-identified passages do not teach or suggest the limitations of claim 12 directed to the "vested access value" calculated according to the claim limitations of claim 12 which is added to a single pre-established financial account along with immediate access value.

Summarizing the "vested access value" limitations, in order to sustain an anticipation rejection under 35 USC § 102, Shurling et al. must teach or suggest:

- calculating the vested access value by
  - ➢ determining a number of individual components comprising the financial relationship
  - ➢ calculating an individual value for each of the individual components at the end of a set period of time

   - ➢ multiplying the determined individual value of each of the individual components by a pre-selected percentage to obtain a vested access value
- adding the vested access value to the financial account
- wherein, the vested access value is only retrievable by the customer after a predetermined period of time

At most, Shurling et al. calculate and apply an increased interest rate on a deposit account or a reduced interest rate on a loan account or reduce banking fees based on a customer's relationship with the financial institution. Given the claim language and the description in the specification, an interest rate or reduced banking fee is not equivalent to "vested access value." Referring to The New Merriam-Webster Dictionary (1989), "vested" is defined as "fully and unconditionally guaranteed as a legal right, benefit or privilege." Similarly, "value" is defined as "a fair return or equivalent in money, goods, or services for something exchanged." Based on these definitions, claim 12 calculates a guaranteed amount of money based on the customer's financial relationship(s), adds this guaranteed amount of money to the customer's account and controls access by the customer to the guaranteed amount of money based on time. Calculating and changing the applicable interest rate on an account does not equate to calculating a guaranteed amount of money and adding the guaranteed amount of money to the financial account. Further, it clearly does not make sense that an interest rate would be "retrievable by the customer after a predetermined period of time." And further still, the limitations of claim 12 clearly dictate that the value of claim 12 is not an interest rate since there is a separate limitation in claim 12, i.e., "multiplying the determined individual **value** of each of the individual components by a **pre-selected percentage** to obtain a **vested access value**" which differentiates value from percentages. (emphasis added).

Contrary to the Office's arguments on Page 10, the claims in and of themselves necessarily dictate that the "vested access value" is money, i.e., funds, the amount of which is

determined by a funding engine commensurate with the specification. This construction of the claim language is clear from the specification. Pages 3-8, including Table 1, of the specification, disclose that the vested value added to the customer's program account is a monetary amount. Further, claims are also interpreted in view of what is known to and understood by one skilled in the art. See *In re Morris,* 127 F.3d 1048, 1054-55, 44 USPQ2d 1023, 1027-28 (Fed. Cir. 1997) (The court held that the "PTO applies to verbiage of the proposed claims the **broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant's specification**.") (emphasis added). In this case, claim 12 would not have a reasonable meaning to one skilled in the art if interpreted such that the phrase vested access value was replaced with "interest rate" or "reduced banking fee" as suggested by the Office. Shurling et al. do not teach or suggest each and every limitation of the claims as is required by statute. The undersigned representative kindly requests removal of this rejection and allowance of claim 12. As claims 16-22 include all of the limitations of claim 12, these claims are also allowable over Shurling et al.

(b) Rejection of Claims 3-6, 9-11, and 16-23 Under 35 U.S.C. §103(a) as Being Unpatentable Over Shurling et al. in View of Ferguson et al. is Improper

With regard to the claims of Group II, independent claim 3 includes the following limitations:

> A method for leveraging financial relationships between a customer of a financial institution, the financial institution, and at least one third party, comprising:
>
> collecting financial relationship information separately from each of the customer, the financial institution, and the at least one third party;

evaluating the financial relationships between the customer and the financial institution and the customer and the at least one third party based on the financial relationship information;

awarding a total value to the customer based on the evaluation of the financial relationships;

holding the total value award in a first financial account located at the financial institution for a predetermined period of time;

selecting a second financial account located at the financial institution into which the total value award is transferred upon expiration of the predetermined period of time; and

redeeming the total value award into the second financial account upon expiration of the predetermined period of time.

As stated by the Office, "Shurling does not specifically [sp?] inclusion of a third party and its relationships or the details of holding, transferring and redeeming a total value award." Consequently, Shurling et al., do not meet the recitations of claim 3 as presented herein.

The Office cites Ferguson et al. as teaching those limitations not taught or suggested by Shurling et al. More particularly, that Ferguson et al. disclose relationships between a customer and a third party, i.e., a non-bank. The Office argues that between Shurling et al. and Ferguson et al., each of the limitations of claim 3 is taught. The undersigned disagrees. Recall that in order to establish a *prima facie* case of unpatentability, the Patent Office must show the following: (1) suggestion or motivation to modify the reference or to combine the reference teachings; (2) a reasonable expectation of success; and (3) **the prior art reference or references must teach or suggest all of the claim limitations**. See MPEP §2142. Shurling et al. and Ferguson et al. in essence teach the same limitations, i.e., relationship information collection and evaluation by and between only 2 entities. No reference has been cited that teaches or suggests information collection from 3 separate entities, wherein the relationships between the entities are evaluated based on the information collected. Consequently, neither Shurling et al. nor Ferguson

et al., either alone or in combination, disclose or suggest the combination of limitations recited in claim 3.

Addressing the Office's statement on page 10 of the Final Office Action, the undersigned representative has previously argued that the combination of Shurling et al. and Ferguson et al. fails to teach the combination of limitations and reiterates that argument above. Although the name of one of the parties may change as between Shurling and Ferguson, these references still only describe information collection from 2 entities as opposed to the collection from 3 entities (and subsequent evaluation of relationships therebetween) which is required by claim 3.

Further, the undersigned has also previously argued against the motivation in the last response and again argues herein that even assuming, *arguendo*, that the threshold prong had been met, the motivation provided by the Office only makes sense for interactions between 2 entities, but not 3 entities. The Office argues that because the seller, i.e., bank or sponsor, wants to incentivize the customer to conduct business with the seller, this means that the same seller would obviously want to incentivize the customer to conduct business with a different seller. But, it is counterintuitive for a first seller to incentivize a customer to conduct business with a second seller. That is not how business works. Without more, this motivation fails.

In the Final Office Action, the Office states "Applicant seem to imply that their claimed invention recites a particular arrangement or structure; such an arrangement is not recited in the claims. No particular relationship information is recited by the Claims." The undersigned strongly disagrees with this statement. The plain language of claim 3 identifies the collection of information from each of the multiple parties, i.e., customer, financial institution and third party; the evaluation of a customer relationship with both the financial institution and the third party in order to determine a "total award" for the customer that is then held within accounts at the

financial institution. The undersigned fails to see how this is not a particular arrangement. The undersigned representative respectfully submits that claim 3 and dependent claims 4-6 and 9-11 are allowable over the cited prior art.

With respect to Group III, independent claim 23 includes the following limitations:

> A method for funding at least one account of a customer at a financial institution comprising:
>
> contributing immediate access value and future access value to the at least one account of the customer, wherein the immediate access value is contributed by the customer and is accessible by the customer at all time and the future access value is contributed by the financial institution and is accessible by the customer according to a vesting schedule; and
>
> negotiating a value factor with at least one third-party, wherein the at least one third-party contributes value to the at least one account of the customer based on the negotiated value factor, and further wherein, the third-party value contribution constitutes future access value and is accessible by the customer according to a vesting schedule.

With regard to the Office's rejection of independent claim 23, the Office argues that "Shurling further suggests a negotiated value factor at Col. 11, line 46 to Col. 12, line 8; in this instance, increased activity results in more benefit to a participant." The section of Shurling cited by the Office is as follows:

> An example of a typical scale file of the SPF 104, which is used to establish the relationship between the Relationship score and the degree or vesting of the Incentive Reward awarded, is illustrated in Table C below.

TABLE C

Above	Percent
10	15
25	30
40	75
60	100

> In the example of Table C, the number of points in the customer's Relationship score is compared to the point values in the column marked "Above." The row in Table C is identified in which contains the greatest number in the "Above" column that is exceeded by the customer's Relationship score. The customer is awarded that percentage of the Incentive Reward indicated in the column marked "Percent" that is present in this same row. By using the vesting or scoring

> concept represented by Table C, Incentive Rewards such as a percentage point increase in a deposit account or a percentage point decrease in a loan rate may be partially awarded. Of course, other types of Incentive Rewards may not admit to being divided, and in which case the vesting or scoring concept would simply be a selected limit of points which the Relationship score would have to exceed to entitle the customer to receive the non-divisible Incentive Reward.

As is clear from this passage, Shurling et al. do not describe the step of negotiating a value factor with at least one third-party.

Responding to the Office's assertion on page 11 of the final Office Action, there is nothing for the undersigned to argue against, since clearly, the reference neither explicitly nor implicitly teaches or suggests the negotiating step. Further, there is no requirement that the undersigned "claim a negotiation having any novel or unobvious elements" as suggested by the Office. And further still, the undersigned does not accept the Office's definition of "negotiation." Referring to The New Merriam-Webster Dictionary (1989), "negotiate" is defined as "to confer with another so as to arrive at the settlement of some matter." Clearly Shurling does not teach or suggest an embodiment wherein the customer confers with a third party or the bank confers with a third party to settle the matter of a value factor. This step is part of the combination method recited in claim 23. The burden is on the Office to present a *prima facie* case of unpatentability and has failed to do so since the references cited do not teach each and every limitation recited in the claim. Ferguson does not remedy this deficiency within Shurling. Also, for the reasons stated above with respect to claim 3, the interaction between three parties within the same method is not taught or suggested by the combination of Shurling and Ferguson. The undersigned representative respectfully submits that claim 23 is allowable over the cited prior art.

CONCLUSION

The undersigned representative respectfully submits that this application is in condition for allowance, and such disposition is earnestly solicited. If the Office believes that the prosecution might be advanced by discussing the application with the undersigned representative, in person or over the telephone, we welcome the opportunity to do so.

Respectfully submitted,

Date: 5/5/04

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APPENDIX OF CLAIMS

3. (Previously Amended) A method for leveraging financial relationships between a customer of a financial institution, the financial institution, and at least one third party, comprising:

collecting financial relationship information separately from each of the customer, the financial institution, and the at least one third party;

evaluating the financial relationships between the customer and the financial institution and the customer and the at least one third party based on the financial relationship information;

awarding a total value to the customer based on the evaluation of the financial relationships;

holding the total value award in a first financial account located at the financial institution for a predetermined period of time;

selecting a second financial account located at the financial institution into which the total value award is transferred upon expiration of the predetermined period of time; and

redeeming the total value award into the second financial account upon expiration of the predetermined period of time.

4. (Previously Amended) The method of leveraging financial relationships as recited in claim 3, wherein evaluating the financial relationships between the customer and the financial institution and the customer and the at least one third party further comprises:

determining a number of individual components comprising the financial relationships; and

calculating an individual value for each of the individual components at the end of a set period of time.

5. (Previously Amended) The method for leveraging financial relationships as recited in claim 4, wherein the awarding the total value to a customer based on the evaluation of the financial relationships further comprises:

multiplying the individual value for each of the individual components by a pre-selected percentage to obtain a contribution amount; and

adding the contribution amount to the first financial account.

6. (Previously Amended) The method for leveraging financial relationships as recited in claim 3, wherein the at least one third party is selected from the group consisting of a credit card company, a real estate company, an accounting company, and an insurance company.

9. (Previously Amended) The method for leveraging financial relationships as recited in claim 3, wherein the first financial account is a savings account.

10. (Previously Amended) The method for leveraging financial relationships as recited in claim 3, wherein the second financial account is a brokerage account.

11. (Previously Amended) A method for leveraging financial relationships as recited in claim 10, wherein the brokerage account is selected from the group consisting of a money market account, a mutual fund, and an annuity.

12. (Previously Amended) A method for leveraging a financial relationship between a customer and a financial institution, comprising:

establishing a financial account at the financial institution for the benefit of the customer;

adding value to the financial account at predetermined intervals, wherein the value is comprised of immediate access value and vested access value, and further wherein the immediate access value is added to the first financial account by the customer in an amount determined by the customer and at the direction of the customer;

calculating the vested access value by

(a) determining a number of individual components comprising the financial relationship,

(b) calculating an individual value for each of the individual components at the end of a set period of time,

(c) multiplying the determined individual value of each of the individual components by a pre-selected percentage to obtain a vested access value; and

adding the vested access value to the financial account, wherein the immediate access value is retrievable by the customer from the financial account without restriction, but the vested access value is only retrievable by the customer after a predetermined period of time.

16. (Original) A method of leveraging a financial relationship as recited in claim 12, wherein the first financial account is a savings account.

17. (Original) A method of leveraging a financial relationship as recited in claim 12, wherein the second financial account is a brokerage account.

18. (Original) A method of leveraging a financial relationship as recited in claim 17, wherein the brokerage account is selected from the group consisting of a money market account, a mutual fund, and an annuity.

19. (Original) A method of leveraging a financial relationship as recited in claim 12, wherein the individual components are selected from the group consisting of checking accounts, savings accounts, credit card accounts, loan accounts, investment accounts, and service accounts.

20. (Original) A method of leveraging a financial relationship as recited in claim 19, wherein the loan accounts are selected from the group consisting of home equity loans, home mortgage loans, car loans, and student loans.

21. (Original) A method of leveraging a financial relationship as recited in claim 19, wherein the investment accounts are selected from the group consisting of money market accounts, mutual funds, annuities, and certificates of deposit (CDs).

22. (Original) A method of leveraging a financial relationship as recited in claim 19, wherein the service accounts are selected from the group consisting of accounts with real estate companies, accounts with tax companies, accounts with accountants, and accounts with insurance companies.

23. (Previously Added) A method for funding at least one account of a customer at a financial institution comprising:

contributing immediate access value and future access value to the at least one account of the customer, wherein the immediate access value is contributed by the customer and is accessible by the customer at all time and the future access value is contributed by the financial institution and is accessible by the customer according to a vesting schedule; and

negotiating a value factor with at least one third-party, wherein the at least one third-party contributes value to the at least one account of the customer based on the negotiated value factor, and further wherein, the third-party value contribution constitutes future access value and is accessible by the customer according to a vesting schedule.